

**Town of Barkhamsted**  
**Incorporated 1779**

**Testimony**  
**Donald S. Stein**  
**First Selectman, Town of Barkhamsted**  
**Chairman, Northwest Hills Council of Governments**  
**Before the Finance, Revenue & Bonding Committee**  
**April 5, 2021**

**HB-6655 – AN ACT CONCERNING MUNICIPAL TAXATION AND  
INCENTIVIZING REGIONALIZATION**

Co-chairs Fonfara and Scanlon, and Ranking Members Martin and Cheeseman, I would like to express my opposition to HB-6655 which would impose a 2.5% cap on property tax increases beginning in FY23. This bill does not speak to the financial impact to the communities nor does it define how the State will supplement the local revenues.

In 2017, the legislature enacted the Municipal Spending Cap. Beginning in FY 18, the Municipal Spending Cap required municipalities to limit "general budget expenditures" to 2.5% above the previous year or the rate of inflation, whichever is greater. Recognizing that a cap in and of itself is not feasible in a state as heavily dependent on local property taxes to fund education and other critical services as Connecticut, the legislature also created the Municipal Revenue Sharing Account (MRSA).

MRSA was intended to provide municipalities with a reliable alternative revenue stream derived from a portion of the sales tax. Under the program, municipalities that exceed the 2.5% spending cap were to be penalized by a reduction in the MRSA grant of 50 cents for every dollar the municipality spends over the cap.

However, the portion of the sales tax earmarked for towns was instead diverted to the General Fund to address budget deficits, and by 2017-18, MRSA was suspended. Despite the suspension of MRSA, the Municipal Spending Cap remains, although it has no teeth because nothing from nothing equals nothing.

Without a firm commitment to 1) fully fund the Education Cost Sharing formula, special education, Payment in Lieu of Taxes (PILOT) programs and other critical sources of municipal aid, 2) eliminate costly unfunded mandates, and/or 3) provide municipalities with reliable alternative revenue sources, a property tax cap will force cuts in critical municipal services, including public health, safety, and transportation.

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I applaud that the bill includes provisions to incentivize regionalization under MRSA. However, you should be aware that towns are already working with the Councils of Government (COGs), and other communities and organizations to consolidate and/or regionalize the delivery of services where it will enhance services, reduce costs, and improve efficiencies.

For example, in Barkhamsted, we have a regional high school with three other towns, we are members of a regional health district with a total population in the Farmington Valley of well over 1000,000 residents, we already have a regional PSAP serving over 20 communities, and the 21 members of the Northwest Hills COG members share heavy equipment that they do not need for full time operation. We have a Resident State Trooper, an all-volunteer Fire District, with only 1 paid employee, which extensively utilizes mutual aid with our surrounding towns, and we buy ambulance service from neighboring towns. As you can see, towns in the rural areas of the State understand regionalization and are already doing it to save taxpayer funds.

As is also true with many small towns, we cannot raise significant revenues by local sales or income taxes on local businesses or on our residents. We simply do not have the business base to replace lost property tax revenue and we cannot rely on State aid.

There has also been a great deal of discussion about placing more regional tasks with the COGS. To facilitate these efforts, I applaud the efforts to 1) provide the COGs with reliable revenue streams; 2) remove impediments to regionalization, including difficulties in negotiating changes in wage and benefit packages; and 3) provide technical and legal assistance to municipalities to facilitate regionalization and consolidation agreements and programs.

Given the fiscal uncertainty facing towns and cities due to the COVID-19 pandemic, I urge lawmakers to refrain from adopting proposals in the short term that will negatively impact local revenue streams, particularly in the absence of meaningful analysis to determine the real impacts of this bill, as proposed, and particularly with no identification of the source of the State funds that will be used to supplement the loss of town tax revenue.

Thank you for the opportunity to comment in opposition to HB-6655.